

## Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 EB-11 COME-00 INT-08 TRSE-00 OMB-01

SCI-06 SCEM-02 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 NEA-10 SIL-01 LAB-06 AGR-20

DRC-01 /202 W

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R 101516Z DEC 73

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 2557

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION NATO

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LIMITED OFFICIAL USE SECTION 1 OF 2 THE HAGUE 5418

USNATO PASS UNDER SECRETARY DONALDSON

E.O. 11652: N/A

TAGS: ENRG, ELAB, PINT, NL

SUBJECT: GON REQUESTS WIDE POWERS TO COPE WITH  
ENERGY CRISIS

REF: THE HAGUE 5273

1. SUMMARY: AS PROMISED IN HIS SPECIAL EMERGENCY

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MESSAGE DEC 1 (REFTEL), PRIME MINISTER SENT SECOND

CHAMBER COMPREHENSIVE ENABLING ACT WHICH WILL PERMIT GON INTERVENE IN ECONOMY ON WIDE SCALE WITHOUT REFERENCE TO PARLIAMENT. OPPOSITION HAS ALREADY ANNOUNCED IT WILL OPPOSE GOVERNMENT'S REQUEST FOR POWERS ALMOST EQUIVALENT TO THOSE GRANTED IN WARTIME. CONFESSIOAL PARTIES WITHIN COALITION HAVE REACTED CAUTIOUSLY TO GOVERNMENT REQUEST. SECOND CHAMBER EXPECTED BEGIN DISCUSSION ENABLING ACT DEC 18. GON WILL ANNOUNCE SEVERAL SPECIFIC MEASURES IT CONTEMPLATES TAKING UNDER NEW ACT ON DEC 13. END SUMMARY.

2. AS PROMOSSED IN HIS SPECIAL ENERGY MESSAGE DEC 1, PRIME MINISTER SENT SECOND CHAMBER DRAFT ENABLING ACT ON DEC 8. IF APPROVED IT WOULD GIVE GOVERNMENT QUASI WARTIME POWERS TO INTERVENE IN DUTCH ECONOMY. ACT SPECIFIES THAT GON WILL BE ABLE TO:

- (A) CONTROL ALL WAGES, INCLUDING BONUSES, ROYALTIES AND GRATUITIES, AS WELL AS INCOMES OF THOSE EMPLOYED BY INSTITUTES SUBSIDIZED BY GOVERNMENT;
- (B) CONTROL ALL PRICES INCLUDING FEES OF DOCTORS, LAWYERS AND OTHER PROFESSIONS AS WELL AS COMPENSATION FOR COMPANY DIRECTORS;
- (C) ESTABLISH MAXIMUM FOR DIVIDENDS PAID ON SHARES OF COMPANIES ESTABLISHED IN THE NETHERLANDS;\*
- (D) ESTABLISH LOWER ANNUAL RENT INCREASES THAN PROVIDED FOR IN RENT HARMONIZATION ACT. GOVERNMENT CAN CONTROL RENTS IN AREAS WHICH ARE NOW FREE AND RENTS FOR INDUSTRIAL SPACE.
- (E) LEAVE AGRICULTURAL SECTOR UNCONTROLLED SINCE SO MUCH WITHIN EC CONTEXT AND SINCE AGRICULTURAL INCOMES DEPENDENT ON ECONOMIC FACTORS WHICH CANNOT BE INFLUENCED BY GOVERNMENT;
- (F) KEEP UNEMPLOYMENT AS LOW AS POSSIBLE BY:
  - (1) BAN ON DISMISSALS,
  - (2) LIMITATION OF FOREIGN WORKERS,
  - (3) REDUCTION IN HOURS OF WORKING, AND
  - (4) CONTROL ON INCOMES AND FEES VIA THE ENABLING ACT. THE GOVERNMENT IS ANTICIPATING A 50 TO 75,000 INCREASE IN UNEMPLOYMENT IN 1974. UNE\*PLOYMENT IS NOW APPROXIMATELY\* 100,000.

GOVERNMENT WILL ATTEMPT ENSURE THAT PURCHASING POWER OF LOWER INCOME GROUPS IS UNAFFECTED, BUT PURCHASING POWER OF HIGHER LIMITED OFFICIAL USE

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INCOME GROUPS MAY HAVE TO BE SOMEWHAT REDUCED.

4. POLITICAL REACTION. GOVERNMENT'S NEW ENABLING ACT WILL BE DISCUSSED IN SECOND CHAMBER DEC 18. ON DEC 13 GOVERNMENT WILL ANNOUNCE SPECIAL STEPS IT WILL TAKE WHEN ACT APPROVED. OPPOSITION (LIBERALS AND CHU) STRONGLY OPPOSE GOVERNMENT PROPOSAL. LIBERAL LEADER WIEGEL CHARGED GON REQUESTING ABSOLUTE POWER IN SOCIO-ECONOMIC FIELD WITHOUT REFERENCE TO

EITHER THOSE AFFECTED OR THE PARLIAMENT. HE MAINTAINS CONCENTRATION OF POWER WILL NOT CONTRIBUTE TO A BETTER ECONOMIC CLIMATE AND FEARS GOVERNMENT PREPARING TO FORCE STATE SOCIALISM ON THE NETHERLANDS UNDER GUISE OF COPING WITH OIL BOYCOTT. DS'70 FLOOR LEADER DREES COMMENTED GOVERNMENT HAS NOT EXPLAINED ADEQUATELY WHY IT NEEDS EXTRA POWERS AND THINKS PRESENT LEGISLATION, WITH SOME CHANGES, CAN DO EVERYTHING THE NEW ACT IS INTENDED TO ACCOMPLISH. LABOR FLOOR LEADER VAN THIJN ENTHUSIASTICALLY SUPPORTED THE GOVERNMENT'S EFFORT TO COPE WITH THE CONSEQUENCES OF THE OIL BOYCOTT. HE REITERATED HIS BELIEF THAT IT WAS UNACCEPTABLE THAT NETHERLANDS SUFFER MORE THAN OTHER EC NATIONS. THE RADICAL (PPR) PARLIAMENTARY GROUP EXPRESSED MISGIBINGS ABOUT WIDE POWERS GOVERNMENT REQUESTING AND EESPECAILLY FEATURES OF THE ENABLING ACT WHICH PERMITS GOVERNMENT TO BYPASS PARLIAMENT. KVP FLOOR LEADER ANDRIESSEN HAS WITHHELD COMMENT, BUT HIS PARTY'S FINANCIAL EXPERT THOUGHT THAT IF EMPLOYERS AND UNIONS COOPERATED, THE GOVERNMENT WOULD BE ABLE TO ACHIEVE ITS PURPOSES. THE ARP'S FINANCIAL EXPERT SAID THE GOVERNMENT WAS ASKING QUITE A BIT, ESPECIALLY WITHOUT PARLIAMENTARY CONTROL AND THAT HIS GROUP WOULD HAVE TO "THINK OVER TWICE OR THREE TIMES WHAT IT WOULD DO".

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R 101516Z DEC 73

FM AMEMBASSY THE HAGUE

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4. DUTCH FEDERATION OF EMPLOYERS (VNO) CHARACTERIZED GOVERNMENT'S PROPOSAL AS VAGUE AND SAID IT WAS ASKING FOR TOO MUCH. VNO SAID IT WAS SURPRISING THAT GOVERNMENT HAD NOT ADDRESSED PROBLEM OF ENERGY CRISIS' EFFECT ON GOVERNMENT EXPENDITURES. THE TRADE UNIONS WILL COMMENT OFFICIALLY AFTER TALKS WITH THE GOVERNMENT TOMORROW (DEC 11). UNOFFICIAL REACTION WAS THAT THE UNIONS WANT MORE DETAILED INFORMATION ON WHAT THE GOVERNMENT INTENDS TO DO ABOUT LIMITING UNEMPLOYMENT AND KIND OF EQUAL TREATMENT ENVISAGED FOR VARIOUS WAGE GROUPS.

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5. EDITORIAL REACTION. CONSERVATIVE PRESS DID NOT GAINSAY NEED FOR GOVERNMENT TO HAVE WIDE POWERS TO DEAL WITH ENERGY CRISIS, BUT WONDERED WHETHER PRESENT GOVERNMENT MOST SUITABLE REPOSITORY FOR SUCH POWERS. IN UNUSUAL FRONT-PAGE EDITORIAL CONSERVATIVE TELEGRAAF (NATION'S LARGEST DAILY) CLAIMED GON WAS ASKING FOR WARTIME POWERS WITHOUT PROVING SITUATION THAT BAD AS YET. TELEGRAAF SAID IT WOULD BE IRRESPONSIBLE FOR PARLIAMENT TO SURRENDER ITS POWERS TO A GOVERNMENT WICH WOULD PROBABLY USE THEM TO IMPOSE ITS SOCIALIST IDEOLOGY ON DUTCH SOCIETY. CONSERVATIVE ALGEMEEN DAGBLAD WAS SOMEWHAT MORE MODERATE ARGUING THAT THE GOVERNMENT SHOULD COUNT UPON A "HEALTHY DISTRUST" FROM PARLIAMENT ABOUT NEED FOR POWERS IT REQUESTING. AD POINTED OUT THAT IF THE NEW LAW WERE APPROVED, THE PARLIAMENT WOULD IN EFFECT HAVE NO SAY ON ISSUES AS VITAL A INCOMES, PRICES, RENTS, DIVIDENDS, ETC., FOR AN ENTIRE YEAR ANDSAID MUCH WOULD DEPEND ON THE AGREEMENT THE GOVENMENT WOULD BE ABLE TO REACH WITH EMPLOYERS AND THE UNIONS DURING THE NEXT FEW DAYS AS IT MEETS TO SECURE THEIR COOPERATION IN THE ENERGY ECONOMY EFFORT. LEFT WING TROUW (PROTESTANT) AND VOLKSKRANT (CATHOLIC), NORMALLY STRONGLY PRO-GOVERNMENT, WERE ALSO SOMEWHAT APPREHENSIVE ABOUT THE EXTENT OF THE POWERS THE GOVERNMENT WAS REQUESTING. BOTH DAILIES REJECTED VIEW GOVERNMENT WOULD USE ANY LAW TO ACHIEVE ITS OWN IDEOLOGICAL ENDS BUT THOUGHT "NEUTRALIZATION" OF PARLIAMENT FOR YEAR IN THE SOCIO-ECONOMIC SECTOR WAS NOT

ESPECIALLY GOOD IDEA. BOTH PAPERS PRAISED GOVERNMENT'S EFFORT TO ENSURE THOSE WITH THE LOWEST INCOMES WOULD NOT BE MOST ADVERSELY AFFECTED BY BOYCOTT.

6. COMMENT. GOVERNMENT IS ASKING PARLIAMENT FOR EMERGENCY POWERS NORMALLY ASSOCIATED WITH WARTIME. OPPOSITION'S CHARGES THAT PM DEN UYL IS USING THE OIL EMERGENCY TO IMPOSE STATE SOCIALISM ON THE NETHERLANDS SOULD DEMOGOGIC, BUT EVEN PARTIES PARTICIPATING IN THE COALITION ARE WARY OF THE GOVERNMENT'S WANTING TO ACT IN SOCIO-ECONOMIC AREA WITHOUT PARLIAMENTARY INPUT FOR A LENGTHY PERIOD. KVP LEADERSHIP HAS NOT COMMENTED OFFICIALLY BUT ITS REACTION WILL BE CRITICAL IN DETERMINING HOW LEGISLATION FARES IN PARLIAMENT. MODERATE REACTION OF KVP FINANCIAL EXPERT AND FACT THAT ECONOMIC PACKAGE PREPARED BY LIMITED OFFICIAL USE

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ONE OF KVP'S OWN MINISTERS, HOWEVER, SUGGESTS GOVERNMENT MAY NOT ENCOUNTER INSUPERABLE PROBLEMS IN GETTING GIST OF ITS LEGISLATION APPROVED. MOREOVER, SCOPE OF MEASURES SUGGESTS GOVT MIGHT BE PREPARED TO MODIFY SOME OF ITS PROPOSALS, E.G. COMPROMISE ON LENGTH OF TIME ACT WILL HAVE EFFECT, ETC., TO ENSURE ITS PASSAGE, I.E., ENABLING ACT AT THIS STAGE MAY BE GOVT'S MAXIMUM NEGOTIATING POSITION. GOULD

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## Message Attributes

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